

Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 USIA-15

PRS-01 DRC-01 /163 W

----- 013869

R 230315Z FEB 74

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 6300

INFO AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

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E.O. 11652: N/A

TAGS: ENRG MY

SUBJECT: ESSO ANNOUNCEMENT

1. TAIB MAHMUD, MINISTER OF PRIMARY INDUSTRIES, ANNOUNCED ON FEBRUARY TWENTY-ONE AN ESSO STRIKE OFF TRENGANNU COAST. PRODUCTION IS EXPECTED TO BE TWENTY-FIVE HUNDRED BARRELS PER DAY OF LOW SULPHUR CONTENT. TAIB ALSO ANNOUNCED AGREEMENT TO CHANGE CONCESSION ARRANGEMENT WITH ESSO TO PRODUCTION-SHARING. HE SAID THAT TERMS OF PRODUCTION-SHARING WERE TO BE NEGOTIATED.

2. EMBASSY COMMENT. ACCORDING TO ESSO EXPLORATION PRESIDENT DAVID ROBERTS' FIND IS MARGINAL, AND JUSTIFIABLE ONLY IN TERMS OF CURRENT HIGH PRICES. HE TOLD EMBASSY THAT DRILLING BROUGHT IN LARGE MIXTURE OF WATER -- AND IT IS EVIDENT FROM QUANTITY INVOLVED THAT STRIKE IS LIMITED ONE. HOWEVER, ROBERTS ALSO INDICATED

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THAT ESSO IS EXPECTING TO BE PRODUCING THIRTY-SIX

THOUSAND BARRELS PER DAY IN SABAH CONCESSION BY 1975
WHICH IS INCREASE OVER PREVIOUS PROJECTIONS.

3. ACCORDING TO ESSO OFFICIALS PRODUCTION-SHARING
ARRANGEMENT WAS AGREED UPON SEVERAL WEEKS AGO ON
SAME TERMS AS THOSE PREVIOUSLY AGREED UPON WITH
CONOCO AND SHELL, I.E., SIXTY-FIVE-THIRTY-FIVE.
AGREEMENT ON SHARES, HOWEVER, WILL NOT BE OPERATIVE UNTIL
PETROLEUM BILL IS PRESENTED AND PASSED BY PARLIAMENT,
WHICH NOW EXPECTED IN MARCH.

4. EMBASSY ALSO INFORMED BY CONOCO MALAYSIA PRESIDENT,
CHARLES BRENNIG, THAT HE IS TRAVELING TO US IN EARLY MARCH TO
REVIEW CONOCO PLANS FOR PRODUCTION IN THEIR CONCESSION.
ACCORDING TO BRENNIG CONOCO'S PLAN WHICH WILL BE REVIEWED CALLS
FOR INITIAL INSTALLATIONS OF APPROXIMATELY ONE HUNDRED MILLION
US DOLLARS, RISING TO APPROXIMATELY FOUR HUNDRED MILLION IN ABOUT
FIVE YEARS. BRENNIG EXPECTS DECISION BY CONOCO "SOON".
UNDERHILL

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NNN

Message Attributes

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